

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

Assembly Constitutional Amendment

No. 11

Introduced by Assembly Member Levine

February 19, 2003

Assembly Constitutional Amendment No. 11—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 1 of Article XIII A thereof, and by amending Section 18 of Article XVI thereof, relating to infrastructure projects.

LEGISLATIVE COUNSEL'S DIGEST

ACA 11, as amended, Levine. Local government: general obligation bonds: infrastructure projects.

(1) The California Constitution provides that the maximum amount of any ad valorem tax on real property may not exceed 1% of the full cash value of the property with certain exceptions, including bonded indebtedness incurred by a school district for school facilities that is approved by 55% of the voters in the district voting on the proposition.

This measure would include, ~~as~~ *as* an additional exception to the 1% maximum tax rate on real property, bonded indebtedness incurred by a local government for the construction of one or more infrastructure projects, as specified, with the approval of ~~a majority~~ 55% of the votes cast by the voters voting on the proposition.

(2) The California Constitution requires $\frac{2}{3}$ of the voters voting in an election to approve the incurrence of indebtedness by a local agency, except that in the case of a school district, community college district,

or county office of education, the issuance of general obligation bonds may be approved by 55% of the voters under specified conditions.

This measure would authorize a local government, as defined, with the approval of a majority 55% of its voters voting on the proposition at an election, to incur indebtedness in the form of general obligation bonds to fund infrastructure projects, as defined.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the
2 Legislature of the State of California at its 2003–04 Regular
3 Session commencing on the second day of December 2002,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended as follows:

7 First--That Section 1 of Article XIII A thereof is amended to
8 read:

9 SECTION 1. (a) The maximum amount of any ad valorem
10 tax on real property shall not exceed one percent (1%) of the full
11 cash value of such property. The one percent (1%) tax to be
12 collected by the counties and apportioned according to law to the
13 districts within the counties.

14 (b) The limitation provided for in subdivision (a) shall not
15 apply to ad valorem taxes or special assessments to pay the interest
16 and redemption charges on any of the following:

17 (1) Indebtedness approved by the voters prior to July 1, 1978.

18 (2) Bonded indebtedness for the acquisition or improvement of
19 real property approved on or after July 1, 1978, by two-thirds of
20 the votes cast by the voters voting on the proposition.

21 (3) Bonded indebtedness incurred by a school district,
22 community college district, or county office of education for the
23 construction, reconstruction, rehabilitation, or replacement of
24 school facilities, including the furnishing and equipping of school
25 facilities, or the acquisition or lease of real property for school
26 facilities, approved by 55 percent of the voters of the district or
27 county, as appropriate, voting on the proposition on or after the
28 effective date of the measure adding this paragraph. This
29 paragraph shall apply only if the proposition approved by the
30 voters and resulting in the bonded indebtedness includes all of the
31 following accountability requirements:



1 (A) A requirement that the proceeds from the sale of the bonds
2 be used only for the purposes specified in this paragraph (3), and
3 not for any other purpose, including teacher and administrator
4 salaries and other school operating expenses.

5 (B) A list of the specific school facilities projects to be funded
6 and certification that the school district board, community college
7 board, or county office of education has evaluated safety, class size
8 reduction, and information technology needs in developing that
9 list.

10 (C) A requirement that the school district board, community
11 college board, or county office of education conduct an annual,
12 independent performance audit to ensure that the funds have been
13 expended only on the specific projects listed.

14 (D) A requirement that the school district board, community
15 college board, or county office of education conduct an annual,
16 independent financial audit of the proceeds from the sale of the
17 bonds until all of those proceeds have been expended for the school
18 facilities projects.

19 (4) Bonded indebtedness incurred by a local government for
20 the construction of one or more infrastructure projects, as specified
21 in paragraph (3) of subdivision (b) of Section 18 of Article XVI,
22 with the approval of ~~a majority~~ *55 percent* of the votes cast by the
23 voters voting on the proposition on or after the effective date of the
24 measure adding this paragraph.

25 (c) Notwithstanding any other provisions of law or of this
26 Constitution, school districts, community college districts, and
27 county offices of education may levy a 55 percent vote ad valorem
28 tax pursuant to subdivision (b).

29 Second--That Section 18 of Article XVI thereof is amended to
30 read:

31 SEC. 18. (a) Except as otherwise provided by subdivision
32 (b), a county, city, town, township, board of education, or school
33 district may incur any indebtedness or liability in any manner or
34 for any purpose exceeding in any year the income and revenue
35 provided for that year only if both of the following conditions are
36 met:

37 (1) The indebtedness or liability is approved by two-thirds of
38 the voters of the public entity voting at an election to be held for
39 that purpose.

(2) Before or at the time of incurring the indebtedness, provision is made for the collection of an annual tax sufficient to pay the interest on the indebtedness as it falls due, and to provide for a sinking fund for the payment of the principal thereof, on or before maturity, which may not exceed 40 years from the time of contracting the indebtedness.

(b) (1) With respect to any public entity enumerated in subdivision (a) that is authorized to incur indebtedness for public school purposes, any proposition to incur indebtedness in the form of general obligation bonds for the purpose of repairing, reconstructing, or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the voters of the public entity voting on the proposition at an election.

(2) On or after November 8, 2000, in the case of any school district, community college district, or county office of education, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, shall be adopted upon the approval of 55 percent of the voters of the district or county, as appropriate, voting on the proposition at an election. This subdivision shall apply to a proposition for the incurrence of indebtedness in the form of general obligation bonds for the purposes specified in this subdivision only if the proposition meets all of the accountability requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A.

(3) A local government may, with the approval of a majority 55 percent of the votes cast by the voters voting on the proposition at an election, incur indebtedness in the form of general obligation bonds for one or more infrastructure projects.

(A) “Infrastructure projects” means those facilities and improvements necessary and appropriate to develop and serve urban communities, including, but not limited to, streets, roads, and highways; transportation systems and facilities; schools; parks; water and sewage systems and facilities; electric, gas, and communications systems and facilities; and drainage and flood control systems and facilities.

1 (B) “Local government” means a local government as defined
2 by subdivision (b) of Section 1 of Article XIII C.

3 (c) When two or more propositions for incurring any
4 indebtedness or liability are submitted at the same election, the
5 votes cast for and against each proposition shall be counted
6 separately, and when two-thirds or a majority or 55 percent of the
7 voters, as the case may be, voting on any one of those propositions,
8 vote in favor thereof, the proposition shall be deemed adopted.

